



**Name of Contract:** Extension of CCTV and ANPR maintenance contract

<b>Date of Report</b>	03 June 2020
<b>Department and Division</b>	Environment and Regeneration; Safer Merton
<b>Contract manager</b>	Adrian Rutkowski, CCTV Manager
<b>Commercial Services lead contact</b>	Tom Davis, Category Advisor
<b>Authority</b>	Chief Executive and Director of Corporate Services
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<b>Description of Services/Goods/Works</b>	Maintenance of public space and ANPR cameras including parts and labour. Maintenance of the CCTV control room and CCTV server room.
<b>Existing contract</b>	<p>Value of existing contract: £1.3M</p> <p>Start and end dates of existing contract: 05/11/2015 - 05/11/2020</p> <p>The contract was let for a period of 3+2 years and the 2-year extension was taken in 2018.</p>
<b>Variation/extension</b>	<p>Length of envisaged extension/variation: 12 months</p> <p>Estimated savings / value of cost avoidance over the life of new the variation/extension (if none, please state why): None: extension on same terms as the original contract</p> <p>Value of extension/variation: See Exempt Appendix 1</p>
<b>Has a credit check been done on supplier within 1 month of this report:</b>	Yes– The credit check performed on 20 <sup>th</sup> April 2020 suggests no overall contract limit with a monthly credit limit of £5,000,000.



## 1. RECOMMENDATIONS

- That authorisation is given to modify the CCTV maintenance agreement to extend it for a further 12 months, to expire on 5 November 2021. The cost is set out in Appendix 1 which is exempt from publication.

## 2. DETAILS

- 2.1. This contract covers the maintenance of both the public space surveillance CCTV cameras and the ANPR traffic enforcement cameras as well as the associated software and data storage units. The contract also provided for a limited programme of camera upgrades and an overhaul of the CCTV control room.
- 2.2. The contract was awarded to Tyco Integrated Fire and Security Ltd following a restricted tender in 2015. The original contract value was £1,300,000.
- 2.3. The duration of the contract was 3 years plus two 1-year extensions, both of which have already been taken. The contract period expires on 5th November 2020.
- 2.4. The proposed extension will be for 12 months on the same terms and conditions.
- 2.5. The purpose of the extension is to allow the CCTV team and their consultant enough time to prepare for and procure a new upgrade and maintenance contract, which will involve upgrading all analogue cameras to digital units, and consolidating and upgrading the transmission circuits used to transmit data to and from the CCTV control room in the Civic Centre. Work on that procurement is already underway, with the consultant investigating options for different transmission media such as fibre or wireless.
- 2.6. That project has been allocated £1,500,000 in capital funding for 2021/22 and 2022/23 and the intention is to go to the market for a contract that covers both the upgrade and the ongoing maintenance of the upgraded system. Procuring the two together will ensure that the maintenance agreement is adjusted as the upgrades take place to reflect the lower cost of maintaining new equipment.
- 2.7. The extension will allow for the capital budget, which was approved for 2021-22 and 2022-23, to be used more efficiently and align with the contract term. We are planning an upgrade project worth £1.5 million to commence in 2021. The extension will allow us to procure both the new maintenance contract and the camera upgrade project at the same time.
- 2.8. The proposed timetable for the new procurement is as follows:



Task	Date
Consultant to complete review of existing equipment and infrastructure	July 2020
Gateway 1 (Business Case) approved by OPG and Procurement Board (if required)	October 2020
Publish tender	January 2021
Deadline for tender responses	February 2021
Tender evaluation and internal approval	Feb/March 2021
Contract start date	April 2021

- 2.9. Regulation 72(1)(f) allows for services contracts to be modified where the value of the modification is below the OJEU threshold and does not exceed 10% of the original contract value.
- 2.10. The relevant OJEU threshold is £189,330. The original contract value was £1,300,000 and the cost of the proposed extension is less than both the threshold and the 10% limit for modifying contracts. Both of the conditions of the regulation are therefore met.

### 3. OPTIONS CONSIDERED

Option	Advantages	Disadvantages
1. Allow the contract to expire ('do nothing')	None	CCTV equipment would not be maintained or the Council would have to pay for ad-hoc maintenance services
2. Vary/extend the contract	Contract extension allows us to align the camera upgrade project with the maintenance contract.	None
3. Procure a new maintenance contract now	None	Onboarding a new provider may be impacted by COVID-19.  The Council would not benefit from economies of scale that could be achieved by bundling the maintenance and upgrade services.

## Recommended option

Extending the current contract for a further 12 months is the recommended option because it will provide continuity of service and will give the CCTV team time to scope and procure a new maintenance agreement in 2021 alongside a programme of upgrades to the CCTV system, cameras, and transmission network.

## 4. PROCUREMENT IMPLICATIONS

- 4.1. The value of the proposed modification of the contract is below the threshold set out in the Public Contracts Regulations is therefore permitted by both the regulations and the Council's Contract Standing Orders.
- 4.2. Extending the current contract will allow the CCTV team to review the existing setup and specify ways to upgrade cameras and consolidate transmission media, which at the moment is a mixture of self-owned fibre and commercial fibre, wireless, and broadband.
- 4.3. As the value of the upgrade contract is anticipated to be up to £1.5 million it is prudent to allow enough time for it to be properly researched and specified without the disruption of potentially having to on-board a new maintenance contractor in November. Extending the current contract will also help to ensure value for money on the upgrade project by combining it with an ongoing maintenance contract that more accurately reflects the lower cost of maintaining brand new equipment.

## 5. LEGAL IMPLICATIONS

- 5.1 The main body of the report states that the contract with Tyco Integrated Fire and Security Ltd has been running for well over four years now and is due to expire on 5<sup>th</sup> November 2020.
- 5.2 The Council has already exhausted its right to extend the contract under its terms and thus has no further options for extension under the contract.
- 5.3 The current application is for approval to extend the contract under Regulation 72(1)(f) of the Public Contracts Regulations which allows a contracting authority to extend an existing contract under the circumstances cited at paragraph 2.8 of the main body of the report.
- 5.4 We have looked at the Regulations in light of the facts set out in this report and confirm that the Council may rely upon the Regulation cited above to extend the contract.
- 5.5 The Council must take note that in spite of the safe haven provided under Regulation 72(1)(f), every 'extension' of contract carries a potential risk of challenge. To mitigate the risk in this particular case, it is imperative that the Council maintains a clear audit trail of the justification for the extension and the decision making process and has in place a



robust timetable for the procurement of replacement services to ensure that a new contract is awarded before the end of the extension period.

## 6. RESOURCES

### Financial

The cost of the extension period is set out in **Appendix 1** and it will be funded from the existing CCTV revenue budget. No new funding is required.

### Personnel

SLLP will draft and execute the deed of variation. There will be no impact on CCTV staff.

## 7. COMMENTS AND SIGN OFF

Department	Comments	Date	Signed
Commercial Services	Comments incorporated into report and at section 4	27 May 2020	Tom Davis
Service Financial Adviser	Feedback incorporated into report	03 June 2020	Tom Bidwell
Legal	Added at section 5	29 May 2020	Rachel Godson-Amamoo
Departmental Operational Procurement Group	Several recommendations were made which have been incorporated into the report.	02 June 2020	John Bosley

## 8. BACKGROUND PAPERS

- CCTV maintenance agreement

### REPORT AUTHOR'S DETAILS:

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